

REFERENCE TITLE: classroom site fund; assessment plan

State of Arizona  
Senate  
Forty-eighth Legislature  
Second Regular Session  
2008

# **SB 111**

Introduced by  
Senator Gray L

AN ACT

AMENDING SECTION 15-977, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2       Section 1. Section 15-977, Arizona Revised Statutes, is amended to  
3 read:

4           15-977. Classroom site fund; definitions

5       A. The classroom site fund is established consisting of monies  
6 transferred to the fund pursuant to section 37-521, subsection B and section  
7 42-5029, subsection E, paragraph 10. The department of education shall  
8 administer the fund. School districts and charter schools may not supplant  
9 existing school site funding with revenues from the fund. All monies  
10 distributed from the fund are intended for use at the school site. Each  
11 school district or charter school shall allocate forty per cent of the monies  
12 for teacher compensation increases based on performance and employment  
13 related expenses, twenty per cent of the monies for teacher base salary  
14 increases and employment related expenses and forty per cent of the monies  
15 for maintenance and operation purposes as prescribed in subsection H of this  
16 section. Teacher compensation increases based on performance or teacher base  
17 salary increases distributed pursuant to this subsection shall supplement,  
18 and not supplant, teacher compensation monies from any other sources. The  
19 school district or charter school shall notify each school principal of the  
20 amount available to the school by April 15 **OF EACH YEAR**. The district or  
21 charter school shall request from the school's principal each school's  
22 priority for the allocation of the funds available to the school for each  
23 program listed under subsection H of this section. The amount budgeted by the  
24 school district or charter school pursuant to this section shall not be  
25 included in the allowable budget balance carryforward calculated pursuant to  
section 15-943.01.

26       B. A school district governing board must adopt a performance based  
27 compensation system at a public hearing to allocate funding from the  
28 classroom site fund pursuant to subsection A of this section.

29       C. A school district governing board shall vote on a performance based  
30 compensation system that includes the following elements:

- 31           1. School district performance and school performance.
- 32           2. Measures of academic progress toward the academic standards adopted  
33 by the state board of education.
- 34           3. Other measures of academic progress.
- 35           4. Dropout or graduation rates.
- 36           5. Attendance rates.
- 37           6. Ratings of school quality by parents.
- 38           7. Ratings of school quality by students.
- 39           8. The input of teachers and administrators.
- 40           9. Approval of the performance based compensation system based on an  
41 affirmative vote of at least seventy per cent of the teachers eligible to  
42 participate in the performance based compensation system.
- 43           10. An appeals process for teachers who have been denied performance  
44 based compensation.

1           11. Regular evaluation for effectiveness.

2           D. A performance based compensation system shall include teacher  
3 professional development programs that are aligned with the elements of the  
4 performance based compensation system.

5           E. A school district governing board may modify the elements contained  
6 in subsection C of this section and consider additional elements when  
7 adopting a performance based compensation system. A school district  
8 governing board shall adopt any modifications or additional elements and  
9 specify the criteria used at a public hearing.

10          F. Until December 31, 2009, each school district shall develop an  
11 assessment plan for its performance based compensation system and submit the  
12 plan to the department of education by December 31 of each year. A copy of  
13 the performance based compensation system and assessment plan adopted by the  
14 school district governing board shall be included in the report submitted to  
15 the department of education.

16          G. Monies in the fund are continuously appropriated, are exempt from  
17 the provisions of section 35-190 relating to lapsing of appropriations and  
18 shall be distributed as follows:

19           1. By March 30 of each year the staff of the joint legislative budget  
20 committee shall determine a per pupil amount from the fund for the budget  
21 year using the estimated statewide weighted count for the current year  
22 pursuant to section 15-943, paragraph 2, subdivision (a) and based on  
23 estimated available resources in the classroom site fund for the budget year.

24           2. The allocation to each charter school and school district for a  
25 fiscal year shall equal the per pupil amount established in paragraph 1 of  
26 this subsection for the fiscal year multiplied by the weighted student count  
27 for the school district or charter school for the fiscal year pursuant to  
28 section 15-943, paragraph 2, subdivision (a). For the purposes of this  
29 paragraph, the weighted student count for a school district that serves as  
30 the district of attendance for nonresident pupils shall be increased to  
31 include nonresident pupils who attend school in the school district.

32          H. Monies distributed from the classroom site fund shall be spent for  
33 the following maintenance and operation purposes:

- 34           1. Class size reduction.
- 35           2. Teacher compensation increases.
- 36           3. AIMS intervention programs.
- 37           4. Teacher development.
- 38           5. Dropout prevention programs.
- 39           6. Teacher liability insurance premiums.

40          I. The district governing board or charter school shall allocate the  
41 classroom site fund monies to include, wherever possible, the priorities  
42 identified by the principals of the schools while assuring that the funds  
43 maximize classroom opportunities and conform to the authorized expenditures  
44 identified in subsection A of this section.

1       J. School districts and charter schools that receive monies from the  
2 classroom site fund shall submit a report by November 15 of each year to the  
3 superintendent of public instruction on a per school basis that provides an  
4 accounting of the expenditures of monies distributed from the fund during the  
5 previous fiscal year and a summary of the results of district and school  
6 programs funded with monies distributed from the fund. The department of  
7 education in conjunction with the auditor general shall prescribe the format  
8 of the report under this subsection.

9       K. School districts and charter schools that receive monies from the  
10 classroom site fund shall receive these monies monthly in an amount not to  
11 exceed one-twelfth of the monies estimated pursuant to subsection G of this  
12 section, except that if there are insufficient monies in the fund that month  
13 to make payments, the distribution for that month shall be prorated for each  
14 school district or charter school. The department of education may make an  
15 additional payment in the current month for any prior month or months in  
16 which school districts or charter schools received a prorated payment if  
17 there are sufficient monies in the fund that month for the additional  
18 payments. The state is not required to make payments to a school district or  
19 charter school classroom site fund if the state classroom site fund revenue  
20 collections are insufficient to meet the estimated allocations to school  
21 districts and charter schools pursuant to subsection G of this section.

22      L. The state education system for committed youth shall receive monies  
23 from the classroom site fund in the same manner as school districts and  
24 charter schools. The Arizona state schools for the deaf and the blind shall  
25 receive monies from the classroom site fund in an amount that corresponds to  
26 the weighted student count for the current year pursuant to section 15-943,  
27 paragraph 2, subdivision (b) for each pupil enrolled in the Arizona state  
28 schools for the deaf and the blind. Except as otherwise provided in this  
29 subsection, the Arizona state schools for the deaf and the blind and the  
30 state education system for committed youth are subject to this section in the  
31 same manner as school districts and charter schools.

32      M. Each school district and charter school, including school districts  
33 that unify pursuant to section 15-448 or consolidate pursuant to section  
34 15-459, shall establish a local level classroom site fund to receive  
35 allocations from the state level classroom site fund. The local level  
36 classroom site fund shall be a budgetary controlled account. Interest charges  
37 for any registered warrants for the local level classroom site fund shall be  
38 a charge against the local level classroom site fund. Interest earned on  
39 monies in the local level classroom site fund shall be added to the local  
40 level classroom site fund as provided in section 15-978. In no event shall  
41 this state be required to make payments to a school district or charter  
42 school local level classroom site fund that are in addition to monies  
43 transferred to the state level classroom site fund pursuant to section  
44 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

1        N. Monies distributed from the classroom site fund for class size  
2 reduction, AIMS intervention and dropout prevention programs shall only be  
3 used for instructional purposes in the instruction function as defined in the  
4 uniform system of financial records except that monies shall not be used for  
5 school sponsored athletics.

6        O. A SCHOOL DISTRICT THAT HAS NOT SUBMITTED AN ASSESSMENT PLAN  
7 PURSUANT TO SUBSECTION F OF THIS SECTION BY DECEMBER 31 OF EACH YEAR IS NOT  
8 ELIGIBLE TO RECEIVE MONIES FROM THE CLASSROOM SITE FUND UNTIL THE PLAN HAS  
9 BEEN RECEIVED BY THE DEPARTMENT OF EDUCATION.

10      P. For the purposes of this section:

11      1. "AIMS intervention" means summer programs, after school programs,  
12 before school programs or tutoring programs that are specifically designed to  
13 ensure that pupils meet the Arizona academic standards as measured by the  
14 Arizona instrument to measure standards test prescribed by section 15-741.

15      2. "Class size reduction" means any maintenance and operations  
16 expenditure that is designed to reduce the ratio of pupils to classroom  
17 teachers, including the use of persons who serve as aides to classroom  
18 teachers.